QFVG
QUEENSLAND FRUIT
& VEGETABLE GROWERS

ACCC Supermarkets Inquiry 2024-25

15 April 2024

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QUEENSLAND FRUIT
& VEGETABLE GROWERS

10 April 2024

Gina Cass-Gottlieb
Chair Australian Competition and Consumer Commission
GPO Box 3131
Canberra ACT 2601

Via email: supermarkets@accc.gov.au

Dear Ms Cass-Gottlieb,

RE: ACCC Supermarket Price Inquiry 2024-25

On behalf of the growers of fresh fruit, vegetables, and nuts in Queensland we welcome the opportunity to make a submission in response to the to the issues paper the Australian Competition and Consumer Commission (ACCC) released as part of your Supermarket Inquiry 2024-25.

We would like to say from the outset that as a sector we sincerely acknowledge the value of supermarkets in our fresh produce supply chain as they afford the majority of Australians accessibility to fresh produce. We also understand their role as major employers and appreciate their responsibility to maximise profit for their shareholders.

Whilst we understand there needs to be a strong focus on the impact of market concentration/power and consumer prices, equally growers are seeking an enduring and sustainable relationship between these large-scale providers of fresh produce as it is the growers (rather than the supermarkets) who provide the food, which the supermarkets then play a role in distribution to consumers.

It's worth mentioning that market power affects not just pricing, negotiation strategies, and growers' capacity to respond, but also impacts the ability of not-for-profit advocacy groups, like ours, to muster resources that could even come close to matching the legal, public relations, and advocacy endeavours of supermarkets.

It is also important to note that time is of the essence to ensure the food security and therefore national security for the future generations of Australians with many growers having already reached or are on the edge of a decision-making cliff.

We are grateful that this government has recognised that it is in the national interest to ensure its people can, at all times, avail themselves of fresh produce given that humans cannot survive for more than several weeks without the nutrients derived from fresh fruit, vegetables, and nuts.

Beyond their role as a major employer and their responsibilities to shareholders, the pivotal role supermarkets have assumed in the provision of an essential human need—fresh produce—means they cannot shirk their *duty of care* to all Australians.

Fresh produce is an industry unlike any other, relying on weekly pricing and sales (never guaranteed) where cost of production is not a key feature within the negotiation, within a market of two main operators who hold all the data as to the supply and demand. Our domestic markets have for some time been failing to deliver the fairness and equity Australians demand from those who play pivotal role in national food security.

We understand the ACCC is no stranger to the behaviour of supermarkets having led multiple inquiries into their operations. The 2008 ACCC inquiry into grocery prices found prices were not rising unreasonably. It has been suggested that this was due to supermarkets not using their power to squeeze consumers but instead were squeezing suppliers. To this end we offer this word of warning - maintaining the status quo is not an option. This term of government must use findings from these inquiries to implement fundamental changes to the system that supports the vital supply of fresh fruit, vegetables, and nuts to Australians.

To speak frankly, the relationship between supermarkets and their "fresh produce" suppliers bears resemblance to Corporate Stockholm Syndrome, characterised by a significant power imbalance.

In this dynamic, growers find themselves tethered to retailers but are hesitant to address legitimate concerns for fear of jeopardising their relationship.

To this end, we look forward to furthering your understanding of the issues and unpacking some of the deep rooted, systemic, and sneaky supermarket behaviours which impact our growers, both in terms of their profitability as well as their mental wellbeing. We also welcome the supermarkets being invested in this conversation as to how we partner to provide fresh fruit, vegetables, and nuts to Australians for generations to come.

Please contact Rachel Chambers, CEO QFVG via email [redacted] or phone [redacted].

Kind regards,

[redacted]

Rachel Chambers
QFVG CEO

About Us

Queensland Fruit & Vegetable Growers (QFVG) is the state industry body representing Queensland's commercial fruit, vegetable, and nut growers. To us, horticulture is the most vital industry in the world. We exist to ensure strength in the horticultural industry for generations to come. We provide the trusted voice for horticultural growers in Queensland and are a valued service delivery partner.

Queensland grows over 100 different fruit, vegetable, and nut crops, from Stanthorpe in the south to Cooktown in the far north. Queensland supplies one-third of the nation's fruit, one-fifth of the nation's vegetables, and one-tenth of the nation's nuts.

Queensland is the key producer of Australia's Pineapples – 99%, Ginger – 98%, Bananas – 94%, Avocados – 70%, Capsicum – 66% and Macadamias– 66%.

These crops are produced by 3,500 agribusinesses and 25,000 direct workers. Indirectly, the primary production of horticulture provides significant direct and flow on economic benefits in regional areas.

Representation

QFVG supports, represents, and coordinates grower members across each of the core growing regions in Queensland including:

- Lockyer Valley – Lockyer Valley Growers
- Granite Belt – Granite Belt Growers
- Wide Bay Bundaberg – Bundaberg Fruit & Vegetable Growers
- Central Queensland
- North Queensland – Bowen Gumlu Growers
- Far North Queensland – FNQ Growers

QFVG is a key member of the Queensland Farmers' Federation (QFF) and National Farmers' Federation Horticulture Council (NFF Horticulture Council), and is the state member for AUSVEG, Apple & Pear Australia Ltd (APAL), and Freshcare.

Background

On 1 February 2024, the Treasurer, the Hon Jim Chalmers MP, directed the Australian Competition and Consumer Commission (ACCC) to hold an inquiry into pricing and competition in Australia's supermarket sector.

The Inquiry will examine competitive dynamics in the retail supply of groceries and in associated supply chains. The ACCC will have regard to how prices are set at different levels of the supply chain, and the associated margins.

The ACCC will submit an interim report to the Treasurer by 31 August 2024, and submit a final report to the Treasurer by 28 February 2025.

Context

Through a consumer lens: Australians are experiencing a cost-of-living crisis with many noticing the impact in their grocery basket.

Through a grower lens: Growers have experienced dramatic increases in cost of production without significant revenue increases. Grower returns have remained relatively unchanged for over a decade and throughout most of this time, input costs also remained relatively stable. Since 2020, however, supply chain disruptions and global issues have impacted the sector with all growers reporting input cost increases of between 30 and 65 percent since that time.

This comes at a time when the retail profit margins, over extended periods, are perceived to be increasing.

Simple business 101 says that if income stays constant whilst expenses increase, a business will go backwards. This has been the case now for almost four years with growers reporting that they have now expended all their reserves with nothing else left to draw upon. Growers are now in crisis.

Inquiry Response

QFVG understands the intent or purpose of the ACCC Supermarkets Inquiry is to examine competitive dynamics in the retail supply of groceries and in associated supply chains.

We welcome the ACCC also paying particular attention to how prices are set at different levels of the supply chain, and the associated margins along this chain.

QFVG Key statements in addressing the Terms of Reference

Market power impact:

A significant proportion of national data, particularly concerning supply and demand – the very pricing levers our industry is founded on – is shared between two entities. This data can be used to provide significant market insights and enable the supermarkets to make informed decisions, placing them on a very firm negotiation platform. We cannot find a position where the grower has more favourable terms than the supermarket.

Growers only have their own growing data and must rely on the relationships they have with supermarkets to inform them.

A grower's opportunity to engage outside this system, is limited.

The size of the supermarkets also means they are far more resourced in negotiation, legal proceedings etc.

Market share power impacts to consumers also appears to be the result of data collection. Financial services have been one vehicle in conveying data to supermarkets about the buying habits of consumers, once again deepening their knowledge of consumer patterns.

A decision by Coles around 2008 has had fundamental implications on industry. The moment in time has been best captured by Malcolm Knox, author in the book "Supermarket Monsters".

> *"John Durkan, upon joining McLeod at Coles observed: "We also needed to get back to being customer facing; the company had drifted away from the core retailing principle of making sure the items customers wanted were there for them to buy, rather than just offering them what suppliers had available. In the first few weeks we held hundreds of meetings with suppliers to get feedback, and while they clearly wanted a resurgent, successful Coles, they had to also accept that they would have to supply what the customers wanted rather than what suited them to supply."*

The authors response to this enlightens the reader as to the sheer strength of strategy these retailers have at their disposal.

> *"This sounds very reasonable and warm, a way of putting the customer first. In fact, it was putting the retailer first. Coles had its eye on the fat margins and comfortable terms it thought its suppliers were enjoying. McLeod and his team had a genius for increasing sales and profitability at a time prices were failing. In 2012 they lowered prices by an average of 10 per cent, and Cole's revenues took off. Who was paying? Not customers certainly. And as long as customers were paying less, we and our political representatives stopped asking the question."*
>
> - *"Supermarket Monsters", Page 88*

Feedback from our growers has included some disillusionment around the need to grow for year-round supply now rather than quality. This decision made by a retailer has had immense market outcomes and should be considered as to how market power decisions can impact a market in both the short and the long term.

Being in a predominantly domestic market per volume, means the lack of choices available in the domestic market will always have a "whole of industry" impact.

Perishability is used as a weapon

The perishable nature of their produce leads to a power imbalance and unequal negotiation power. Perishability forces growers into decisions they otherwise wouldn't make. Yes, growers always have the right to refuse but when they've already spent the money to that point and the options available to them at the point of sale are limited, many times a less than production amount is accepted by the grower just to help with cashflow.

Verbal negotiations, take precedence over written negotiations, affording supermarkets a level of protection. This makes it very difficult to find written evidence of unconscionable behaviour even though we are absolutely certain that these behaviours exist and are widespread and systemic. These verbal negotiations also ensure that evidence is effectively kept from arbiters.

This lack of transparency suggests a tactic whereby buyers could provide untrue facts about the market leaning on the grower to lower pricing. Growers have no way of knowing if the buyer is being truthful about the market forces and buyers have no accountability to tell them the truth.

Again, these tactics also keeps key evidence from arbiters.

Why do growers plant so much and cause an oversupply?

As previous stated, growers are negotiating in a supply and demand market without any data on supply and demand, other than what is on their own farms. Whilst retailers enjoy having all the data in regard to both available supply and consumer demand.

We've been asked why growers plant so much if oversupply impacts price? And in short – **the lack of data available to them to make good decisions**.

Trust us, growers don't want to overplant as an oversupply drives down prices. However, retailers need consistency of supply. In fact, the optimal result for a retailer is to have an oversupply situation. Not only does this then ensure supply but it would also have the additional benefit of driving down buy price.

We are now questioning how retailers may be *manipulating free market conditions* by using supplier agreements as one tactic to purposely ensure oversupply.

Once there is deemed to be no retail market for the produce the grower is left with perishable product and only three options:

1. Put the produce on the wholesale market – which then floods the central market with retail spec produce and impacting prices right across the central markets;
2. Plough in the waste (only if they haven't already picked and packed it);
3. Donate to hunger relief charities (at grower cost).

What it means for supermarkets:

- Consistency of supply – no risk.
- Ability to negotiate growers down due to oversupply in market.

What it means for growers supplying the supermarkets:

- Causes a marketplace surplus which causes market prices to fall.
- Multimillion dollar losses.
- Food waste.

What it means for growers suppling the wholesale market

- Unexpected additional produce of retail quality dumped onto the central markets. Market prices of those who only supply the central markets are impacted along with the ability to move stock readily.

Promotions/specials

It is alleged that a long-time buying tactic for category buyers is to simply put on more promotions than reasonable to help achieve a lower average price for the year in their own category.

We would argue that it is not really a free market if prices are decided six months out, nor being agreed to by the growers.

Supermarkets can also use pricing to suppress demand.

Commercial retribution (either real or perceived)

We have been asked on numerous times whether commercial retribution is actual or perceived. Our concern is: does it make a difference?

Isn't any form of threat or intimidation unacceptable in Australian workplaces?

Somewhat unsurprisingly, the interim Emerson report has conclusively identified that retribution is indeed real and prevalent across various industries.

Moreover, there is consensus that the reporting process is fundamentally flawed.

Until we manage to work out a process where growers are safe to report, and those reports are used to challenge and change behaviours, the increase in penalties also recommended by the Emerson report will hold no significance.

Food and Grocery Code: Emerson review – interim report

It was pleasing to see QFVG's submission align with what has been discovered – an imbalance in market power, incentivised poor retailer market behaviour and real fear of commercial retribution. This is a validation for suppliers and the many gagged voices that make up our industry.

The central recommendation is that the currently voluntary Code be made mandatory and come with it substantial and enforceable penalties.

While 'substantial and enforceable penalties' are all well and good, the penalties that are in existence don't work because the process of reporting is fundamentally flawed. And unless you get the reporting process right, where the grower feels completely protected to speak up, it doesn't matter how big the penalty is at the end.

Another interesting observation that was noted in the report was the use of buyer incentives that "reward maximising retail margins and penalise low margins" effectively incentivising the category managers to squeeze suppliers (growers) as hard as possible.

For too long retailers have been asking our growers to be sustainable and cut costs. They have nothing left to give. The burden on our growers is enormous. How about we incentivise good market behaviour instead - behaviour change 101 really.

New KPI's are required for those whose decisions have substantial impact on our food supply. Let's write the sustainability of Australian fresh produce and producers into retailer requirements. Because let's face it, if they are not part of ensuring we have fresh fruit, vegetables, and nuts for generations to come then we (and they) have a huge problem because they are a major part of our supply chain.

One of the things we've been saying is it's hard to prove that a grower missed out on an order and that it wasn't retribution because it's a supply and demand market. And the supermarket can just say to them 'sorry someone did better than you this week' and there are no grounds with which a grower can go back and say, 'well how do we know that'. This is how the closed system operates.

There is a lot more work to do. We were satisfied that the report said that they gave an in to the industry. What we've done is collected a whole range of grower information and put it into themes. And those themes we've presented.

If we can continue to gather and present large amounts of grower information and present those in themes to protect the grower, potentially some of these big penalties may be activated. And not that we want big penalties activated, we are all about good corporate behaviour not the stick approach. We believe that people messing around with the food supply system for all Australians should do it in a manner that is befitting of such a real and legitimate outcome for Australians.

Rebates

Rebates are a clandestine and mysterious part of retailer and supplier relationships. Growers pay them but are not quite sure why.

A number of between 3.5% and 5% of invoice amount have been widely reported across the sector as an "unfair cost" of doing business with the retailers.

Rebates are used as percentage charges to grower invoices with some growers saying they pay them so they can be paid earlier. Our question in this case - why should growers pay supermarkets to be paid in a reasonable period? And indeed – lets deem what a reasonable period should be.

Rebates are also highly problematic when negotiating pricing as best demonstrated by events taking place the very same day as the supermarket CEO's spoke to the inquiry.

"In the avocado category today retailers are currently paying suppliers about $18 tray which equates to an average of 78c per piece (based on count 23) but retailing at $1.50, meaning they are taking a 48% margin. These sort of returns do not cover the growers average cost of production and are frankly, unsustainable. Where growers do have to come back on price, why is this not passed onto consumers so they can afford to increase their consumption of fruit and veg."

In the above example retailers will say they are paying 'market price' but this price is not only beneath cost of production, when you factor in these rebates and other deductions growers will lose even more money to the 'system'.

Growers have also suggested that they believe that they were paying rebates for types of ‘favourable terms’ but thus far we are unable to get a grower to elaborate on this.

Suffice to say there is a need for rebates to be investigated – what are their purpose? How can they be re-negotiated? Why do growers find it so difficult to discuss their terms?

Retail Specifications

Retail specifications play a fundamental role in retailers' ability to evaluate and accept and equally reject produce from growers and to add insult to injury, it is wholesale pricing which plays a pivotal role in the retailer’s ability to drive down pricing.

To simplify – retailers require the growers who supply them directly to abide by a certain retail specifications of size and quality, to grow them with a range of requirements including audits (SEDEX, Fair Farms, and HARPS) however they use the pricing of fruit and vegetables in the central markets which requires none of these demands on which to base their own market pricing.

Growers often raise concerns about retailers not adhering to similar standards of quality and ethical sourcing when determining purchase prices. Relying on wholesale market prices as a reference for retail pricing poses several challenges.

It is colloquially well know that ”market conditions” quoted to suppliers from retail buyers infer the prices on the wholesale market as a benchmark.

We advocate for the Australian Competition and Consumer Commission (ACCC) to investigate how retailers currently utilise wholesale market data for their retail purchasing decisions with context to the two key distinctions below:

- Wholesale markets lack specifications regarding produce quality and sizing.
- Wholesale markets lack specifications regarding ethical sourcing standards which retailers themselves demand of suppliers.

We offer these thoughts for ACCC consideration as we can’t understand how the retailers are circumventing their own ethical sourcing policies.

Supermarkets enforce ethical sourcing policies for the products they sell, but the expenses associated with these policies are shifted onto suppliers, who are left with no choice but to accept reduced profit margins.

Moreover, there's no assurance that the supermarkets will adhere to their own policies. For instance, during product shortages, supermarkets may source from available suppliers regardless of whether they meet ethical sourcing standards (this is where retailers buy straight from the wholesale market – bypassing all previous standards they themselves put in place.

Similarly, supermarkets may establish quality criteria in supply contracts that suppliers must adhere to. However, supermarkets may arbitrarily alter these standards to their advantage, despite suppliers having invested resources to meet the initial conditions.

Additionally, supermarkets dictate requirements for product packaging, such as sustainability or recyclability, without consulting suppliers.

The burden and significant cost of meeting these standards is then passed on to the suppliers.

These differences significantly impact factors such as production costs, quality, and ethical considerations, making direct price comparisons unreasonable.

Unbranded/home brands

We pose that there has been a systematic and purposeful removal of all identity to disconnect the consumer from the grower and to promote the supermarket.

The lack of ability to brand their own fresh produce prevents suppliers from engaging directly with consumers considering the gathering of feedback and suggestions for enhancing products. This situation also fosters the perception among consumers that products within the same category are interchangeable, discouraging individual grower investment in quality as there is no financial or reputational return to do so.

The lack of branding of these products plays into existing power imbalances and further undermines the ability of suppliers to negotiate on price or any other matter.

The impacts of which include but would not be limited to:

- The grower is unable to identify their own work towards produce quality.
- The grower unable to brand or tell a narrative to better engage consumers.
- The grower unable to establish provenance and region of origin to serve as their own unique selling point.
- The grower who used to grow for quality now must accept they are only growing for supply.
- The supplier is able to substitute between growers as their product is essentially 'homogenous' and without 'individual value'.

Grower wellbeing

We are extremely concerned for our grower's wellbeing. Under these conditions, who would currently choose to be a grower of fresh produce in Australia?

Our growers are trapped in debt, trapped in plantings, trapped in capital investment, trapped in generational decisions, trapped in a job they love and they're really good at.

It's this sense of entrapment that we worry will detrimentally impact the mental health of Australia's growers.

Agreements are not contracts but are used like them

Growers are offered supplier agreements not contracts. And not all growers are offered agreements. In fact, it is not unusual for growers to operate without any formal agreements or contracts in place.

For those who do have an agreement, these contain indicative production volumes without pricing or volume commitments. The agreements also have many exit options for the supermarket usually based around price, quality, and service.

Unilateral variations exist due to the flexibility in the provisions of the code. The power in the agreement firmly sits with the buyer. We would argue the legality of such an agreement.

Can you imagine pouring money into a business with no idea if, when and how much you may get paid?

Changes in quantity can be made with extremely limited notice. Reductions of an average of 40% has been evidenced by multiple growers. This figure is now a pattern in our collection of data.

With each reduction in quantity comes an increase in the unit cost of production to the grower. For example, if it costs $1,000 to grow 500 lettuces and they all are sold, each lettuce has cost $2 to grow.

However, if you grow the same 500 lettuces but only sell 250 and dump the rest – each of those lettuce now has a cost of production of $4 each.

We believe growers should be afforded similar business stability as is offered other businesses across the globe. Growers should be entitled to supermarkets committing to buying what they committed to buy; to pay on time and in reasonable terms to that committed order; to work with growers to agree on fair specifications and to pay what was agreed.

Significant imbalances of power exist:

- Information asymmetry

- Mechanism to collect data
- Perishability of products
- Limited branding opportunities
- Concentration levels of buyers
- Strength of alternate markets

Divestiture

Queensland Fruit and Vegetable Growers have been invited to submit our thoughts on the Competition and Consumer Amendment (Divestiture Powers) Bill 2024 as it seeks to amend the Competition and Consumer Act 2010 (the Act) which governs Australia's competition and consumer rights laws.

We understand that the amendment will add a further legal remedy available where a corporation that has, or is taken to have, a substantial degree of market power has been found to have misused their market power under section 46 of the Act.

We further understand that the Bill will grant powers to the Court, following an application by the Australian Consumer and Competition Commission (ACCC) to issue orders that will reduce that corporation's power in a particular market, or their share in the market and that these powers granted to the Court do not limit the Court's powers under any other section of the Act. We also make note that the Court may also exercise these powers by consent of all parties, even where a misuse of market power has not been found to have occurred under section 46.

We offer the Senate Committee a series of statements summarising the QFVG position:

- QFVG doesn't have divestiture mandate rather we have a "be a better corporate citizen" mandate.

- Our issue isn't that they're (supermarkets) too big and that then produces bad behaviour, we believe good corporate behaviour should exist regardless of size.

- QFVG values the supermarket's role in the food chain in the form of accessibility of fresh produce for the great majority of Australians however we want them to do better, to be better.

- Government has a role in regulating behaviour through their powers. We do then acknowledge that our government currently is without the power other countries (USA, EU, Canada and UK) have in their toolbox.

Recommendations

1. ACCC to investigate volumes forecasted in Supply Agreements issued pre-season to the actual volumes taken, over a number of seasons for a number of horticulture products to understand whether market power is being used to purposefully oversupply (ie. produce waste) the market and thus drive down prices to suppliers.

2. ACCC to investigate whether the timeframe retailers issue Supply Agreements would be considered to be within a sufficient timeframe for suppliers to plan, and whether minimum timeframes should be implemented.

3. ACCC to investigate how buyers advise suppliers as per market conditions in regard to supporting supplier weekly quoting.

4. ACCC to examine all sources of information the retailers use to determine price, including how retailers weight the various sources during this process and how subsequent negotiations are conducted.

5. ACCC to examine how loss leading strategies impact suppliers of these products.

6. ACCC to use their information gathering powers under this inquiry to examine supermarket profit margins for a diverse range of horticulture goods over a 15-20 year period. This should include examining profit margins across individual products as well as related products within categories.
7. ACCC to investigate marketing campaigns and promotions and whether they offer suppliers value for money and the integrity of the return is of an acceptable standard.

8. ACCC use information gathering powers under this inquiry, to examine and evaluate buying and category team key performance indicators and how these currently may be impeding sustainable pricing to suppliers in vulnerable supply chains but also how they may be adjusted to provide sustainable market terms for generations to come.

9. ACCC to consider how real-time price data may provide unintended consequences such as collusion or other anti-competitive practices.

10. ACCC to consider the possibility of needing a new code for fresh produce or a separate provision within the current code to address perishability nuances.

11. ACCC consider reviewing the role of retailers in a duty of care to Australians to promote healthy eating.

12. ACCC consider viewing oversupply as underconsumption to reframe the conversation to one of nutrition and the consequent health impacts.

13. ACCC investigate if cost of production should factor into negotiations, and if it doesn't how suppliers can be assured of a future, given a retailer comment "cost of production is not a key feature in any negotiation" (unable to provide details of retailer due to Chatham House rule).

14. ACCC to investigate the quantum of supermarket cost shifting to growers: Growers are paying for CHEP pallets, stickers, modern slavery reporting, promotions, and compliance to name a few.

15. Investigate the use of promotions or 'specials' in fresh produce ie. how they are managed, who bears the expense and whether they are overused.

16. Investigate claims of third party forcing within the supply chain.

17. Investigate the allocation of compliance costs between growers and supermarkets, particularly regarding modern slavery obligations, ESG and product labelling.

18. Investigate rebates and conditions to reveal any imposition of rebates by supermarkets on growers for various conditions and their impact on fair trade practices.

19. Investigate Tier 2 and 3 growers including the role of wholesale markets in retail supply chain pricing.

20. Investigate if Australia really has an oversupply issue, whether supply is being artificially manipulated or if it is in fact is an under-consumption issue and how if we considered it in this light, our thinking and actions may be different.

21. Investigate how/if natural disaster events are captured in growers' cost of production – is one state different to another and how does/should that impact cost of production?

22. Investigate how efficient is the model of supermarket operations and how much is this adding to consumer costs eg. outdated distribution centres and logistics.

23. Investigate transfer of ownership, risk, and liability along the supply chain and whether pricing methodologies take account of these.

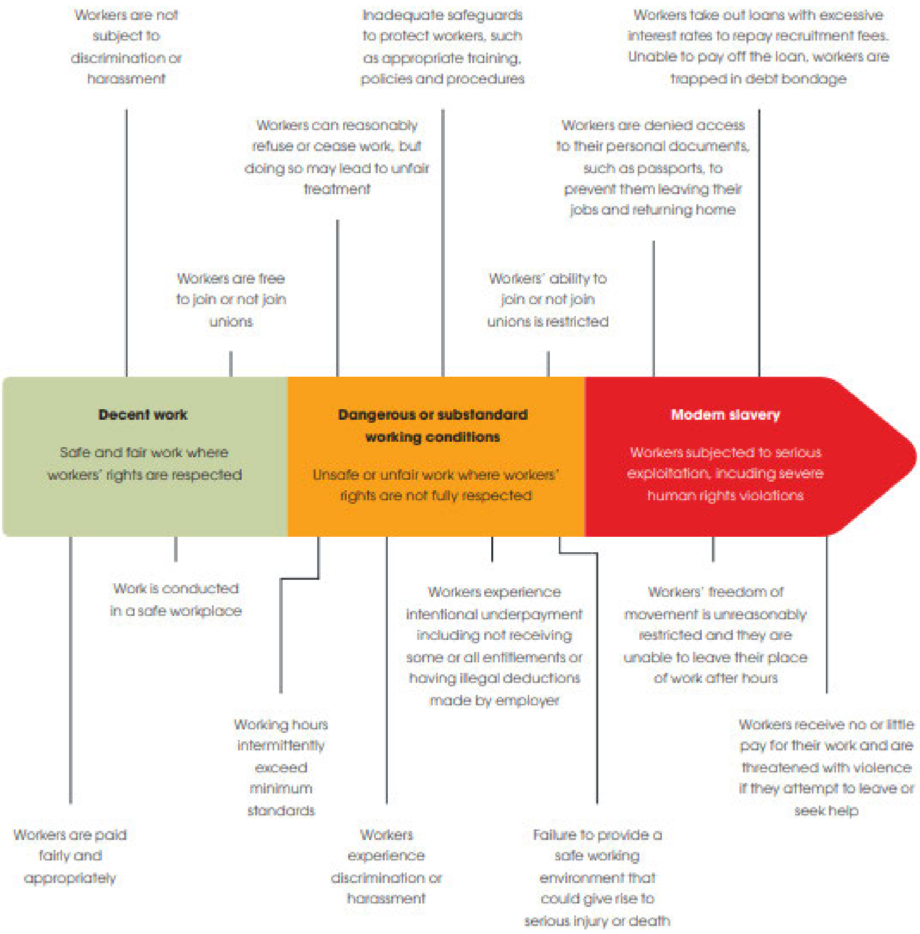
24. Investigate how supermarkets account for the distribution of income and profits across all store categories.

25. Investigate how modern slavery statements apply or do not apply to growers as suppliers.

Identifying modern slavery risks

The complexity of our operations and breadth of our supply chains means we are exposed to a range of potential modern slavery risks. We focus on identifying and understanding these risks, including assessing how they could occur in the retail sector and the ways that our actions and other factors may shape our risk profile.

Modern slavery describes situations of serious exploitation which happen when 'coercion, threats or deception are used to exploit victims and undermine or deprive them of their freedom'. Modern slavery occurs at the most serious end of the labour exploitation continuum. The boundaries of this continuum are not clear, which means it may be challenging in practice to understand whether a particular situation of exploitation meets the threshold for modern slavery. We recognise that exploited workers may not identify themselves as victims of modern slavery and that their experiences may move up or down the continuum over time.



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